WRITTEN ANSWERS TO STARRED QUESTONS

Special Economic Package for States

†*289. SHRI KRIPAL PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central Government have received applications from various States for special economc packages for their development and to salvage them from their miserable financial conditions;

(b) if so, the names of States and the amount requested for the special economic package and the details of amount approved by the Central Government, State-wise, and

(c) whether the State Government of Himachal Pradesh has also requested for grant of special economic package and if so, when and the details of amount requested for?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) The following States have requested for 'special economic packages', details of which are given below:—

Name of the State	Amount requested in Rs. crore
Uttar Pradesh	18,230.00
Uttaranchal	130.54
Chhattisgarh	1,435.00
Madhya Pradesh	7216.00
Orissa	13,096.00

There is no specific scheme and/or allocaton of funds for "Special Economic Packages" for State Governments. However, in addition to normal assistance for States' Plans, additional central assistance is provided for specific schemes such as Accelerated Irrigation Benefit Programme (AIBP), Accelerated Power Development and Reforms Programme (APDRP), Rashtriya Sam Vikas Yojana (RSVY) etc. to States. Moreover, Special Central Assistance is provided to some States for enabling them to have a certain minimum plan size.

† Original notice of the question was received in Hindi.

Government of Himachal Pradesh has not made a specific request for 'Special Economic Package'. However, the State Government had requested for special central assistance of Rs. 553 crores in the current year. This has been agreed to.

FDI cap for Insurance Sector

*290. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to increase FDI cap for insurance sector from 26 per cent to 49 per cent;

(b) if so, the details thereof and the reasons therefor;

(c) whether Indian promoter fo the Insurance sector will be forced to bring down their holding to 26 per cent in ten years period;

(d) whether this conditon would prove detrimental to Indian companies against the foreign promoter;

(e) if so, the justification thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e) An announcement has been made in the Budget Speech 2004-05 for increase in the Foreign Direct Investment (FDI) from 26% to 49% in the insurance sector. The insurance companies will periodically require additional capital for growth of business. However, Indian promoters, at times, due to financial constraints are not in a position to contribute additional capital proportionate to their share-holding. There is, therefore, demand for increase in foreign equity in an insurance company.

No legislative proposal has been finalized so far. The concerns of all stake holders, including domestic players, will be duly addressed at the time of considering legislation.

Headquarters of Banks in U.P.

*291. DR. AKHILESH DAS: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that none of the nationalised banks except Small Industries Development Bank of India, has its headquarters in Uttar Pradesh, depsite the immense growth potential of the State;